



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0421	Title:	Clean government act
Primary Sponsor:	Mendenhall, Scott	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$31,150	\$18,000	\$18,450	\$18,911
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$31,150)</u>	<u>(\$18,000)</u>	<u>(\$18,450)</u>	<u>(\$18,911)</u>

Description of fiscal impact:

Costs associated with HB 421 include the adoption of rules, issuance of advisory opinions, and addressing complaints. There will be some initial costs for setting up and implementing an online reporting system, storage of data, and user support to implement new reporting requirements for nongovernmental parties.

Assumptions:

Commissioner of Political Practices (CPP)

1. Passage of HB 421 would require CPP to promulgate rules enforcing Sections 4, 5, and 6. CPP will need to contract with an attorney for approximately 75 hours at \$90 per hour resulting in a cost of \$6,750 in FY 2010.
2. Rule formatting per ARM regulations will take approximately 40 hours at a cost of \$400 in FY 2010.
3. An online reporting service is required to allow nongovernmental parties to submit the information required to implement new section 4. The upfront estimated cost is \$6,000 in FY 2010 using the simple form as outlined in new section 4 and a web service based on the state's FileNet system. The forms would be posted on the CPP website in a similar format to the format used to search Candidate Report Filings.
4. 200 hours per year in contracted legal services at \$90 per hour are anticipated for a total cost of \$18,000 per year.
5. A 2.5% inflation factor applied to FY 2012 and 2013 expenses.

Department of Administration Architecture and Engineering Division (A&E):

6. Appointment of architects/engineers per 18-8, Part 2 and 18-2-112, MCA, is considered as no-bid per the definition of “no-bid contract” in new section 3, (7)(a) because architects/engineers are appointed through a qualifications-based selection process.
7. Alternative delivery method selection of contractors per 18-2, Part 5, MCA, is considered no-bid per the definition of “no-bid contract” in new section 3, (7)(a) because alternative delivery contracts are awarded through a request for qualifications / request for proposals selection process.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$31,150	\$18,000	\$18,450	\$18,911
TOTAL Expenditures	\$31,150	\$18,000	\$18,450	\$18,911
<u>Funding of Expenditures:</u>				
General Fund (01)	\$31,150	\$18,000	\$18,450	\$18,911
TOTAL Funding of Exp.	\$31,150	\$18,000	\$18,450	\$18,911
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$31,150)	(\$18,000)	(\$18,450)	(\$18,911)

Effect on County or Other Local Revenues or Expenditures:

1. Local governments and school districts may have staff and legal impacts as they perform consultant selections for professional design services as well as alternative delivery construction contract awards.

Technical Notes:**Commissioner of Political Practices (CPP):**

1. New Section 7, Sub-part (1) sets requirements for investigations that may not be achievable. The new requirements would force these complaints to take top priority and depending on the number of complaints the workload could be impossible to handle with current resources.
2. New Section 7, Sub-part (1) sets requirements for legal determinations that may not be achievable. Rushed investigations could prompt costly lawsuits and further disrupt productivity and resolution of other complaints.

Architecture and Engineering Division (A&E)

3. On low-bid projects, the A&E Division has experienced many instances in a busy construction environment where less than three bids were received and a situation may arise where contractors who are not aware of how many bids were received would be in violation of the act per new section 3, (7)(a).

Department of Administration:

4. No governmental funds are used to support public employee unions. The labor organization's income is generated by dues and fees assessed from the public employees they represent, in accordance to 39-31-203, MCA.

Department of Public Health and Human Services

5. This proposed bill would impact departmental programs. For example, all medicaid providers have a contractual relationship with the state through the medicaid provider enrollment process. Under the bill, they would fit the definition of a "no-bid contractor". This bill would, in effect, prohibit departmental contractors and medicaid providers, inclusive of their family members, from participating in the political process through donations. This could limit the pool of willing providers and would necessitate a thorough education campaign directed at contractors, medicaid providers, and department employees so that they could all be aware of and avoid the penalties.

Sponsor's Initials

Date

Budget Director's Initials

Date